

DIRECT TESTIMONY  
OF  
PHIL HARDAS  
FINANCIAL ANALYST  
FINANCE DEPARTMENT  
FINANCIAL ANALYSIS DIVISION  
ILLINOIS COMMERCE COMMISSION  
ATMOS ENERGY CORPORATION

DOCKET NO. 01-0819

MARCH 2002

OFFICIAL FILE

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Staff Exhibit No. 1.00  
Witness \_\_\_\_\_  
Date 3-11-02 CB

1    **Q.     Please state your name and business address.**

2    A.     My name is Phil A. Hardas. My business address is 527 East Capitol Avenue, Springfield,  
3           Illinois, 62701.

4    **Q.     What is your current position with the Illinois Commerce Commission**  
5           **(“Commission”)?**

6    A.     I am currently employed as a Financial Analyst in the Finance Department of the  
7           Financial Analysis Division.

8    **Q.     Please describe your qualifications and background.**

9    A.     In December of 1998, I received a Bachelor of Science degree in Finance from Southern  
10           Illinois University at Carbondale. In August of 2001, I received a Master of Business  
11           Administration degree from the University of Illinois at Springfield. I have been employed by  
12           the Commission since May 1999 as a Financial Analyst.

13   **Q.     What is the purpose of your testimony in this proceeding?**

14   A.     The purpose of my testimony is to present my recommendation of Atmos Energy Corporation's  
15           (“ATMOS” or “Company”) proposal to issue \$75,000,000 in shares of common stock under  
16           Article VI of the Public Utilities Act.

17   **Q.     Please summarize your recommendation.**

18 A. The proposed issuance of \$75,000,000 of new common stock meets the requirements of  
19 Section 6-102 (b) of the Public Utilities Act and should be approved.

20 **Q. What is the purpose of the proceeds of the Company's proposed issuance of new**  
21 **common stock?**

22 A. The proceeds from the financing will be used to finance the acquisition of Mississippi Valley Gas  
23 Company.

24 **Q. How does the Company propose to finance the entire acquisition of Mississippi Valley**  
25 **Company?**

26 A. Atmos will finance this acquisition through the issuance of \$75,000,000 in common stock and  
27 \$75,000,000 in short-term debt. Furthermore, Atmos will assume \$45,000,000 long-term debt  
28 and \$33,400,000 short-term debt in the form of a revolving credit line from Mississippi Valley  
29 Gas Company.

30 **Q. How does this proposed acquisition affect the Company's capital structure?**

31 A. The company's total debt to total capitalization ratio was 61% for the quarter ended September  
32 30, 2001. The Company's pro forma total debt to total capitalization ratio is 61.8%. This  
33 calculation is presented in Staff Schedule 1.01. The proposed financing of the reorganization  
34 between Atmos and Mississippi Valley Gas Company would increase the proportion the  
35 Company's total debt compared to its total capitalization. However, the Company's pro forma

36 total debt to total capitalization ratio is below the maximum level of 64% allowed in Commission  
37 Order 99-0687 for the quarter ending September 30, 2002.

38 **Q. What Commission Fees would the Company owe on its proposed issuance of**  
39 **\$75,000,000 in new equity?**

40 **A.** Staff's calculation of the Commission fee is \$1,575.

41 **Q. Does this conclude your prepared direct testimony?**

42 **A.** Yes, it does.

**Atmos Energy Corporation  
Capitalization Ratios**

	September 30, 2001		01-0819 Pro Forma Adjustments	Pro Forma	
	Amount	Percentage		Amount	Percentage
	(000's)		(000's)	(000's)	
Common Stock	\$204	0.0%	\$17	\$221	0.0%
Additional paid-in capital	489,948	32.7%	74,983	564,931	32.7%
Retained earnings	95,132	6.3%		95,132	5.5%
Accumulated other comp inc (loss)	(1,420)	-0.1%		(1,420)	-0.1%
Total shareholders' equity	583,864	39.0%		658,864	38.2%
Long-term debt	713,094	47.6%	45,000 *	758,094	43.9%
Short-term debt	201,247	13.4%	108,400 **	309,647	17.9%
Total Debt	914,341	61.0%		1,067,741	61.8%
<b>TOTAL CAPITALIZATION</b>	<b>\$1,498,205</b>	<b>100.0%</b>		<b>\$1,726,605</b>	<b>100.0%</b>

\* Assumed long-term debt \$45,000

\*\* Assumed short-term debt \$33,400  
New short-term debt \$75,000